



The Honorable Darrell Issa
 Chair
 Subcommittee on Courts, Intellectual
 Property and the Internet
 Committee on the Judiciary
 U.S House of Representatives
 Washington, DC 20515

The Honorable Jerry Nadler
 Ranking Member
 Committee on the Judiciary
 U.S. House of Representatives
 Washington, DC 20515

Dear Chairman Issa and Ranking Member Nadler,

On behalf of thousands of manufacturers, businesses, and other organizations across the nation, we write in unified support of your reintroduction of the SHOP SAFE Act in the U.S. House of Representatives.¹ Thank you for your consistent leadership as the SHOP SAFE Act provides a much-needed framework for holding online platforms accountable for third party sales of dangerous counterfeit goods on their platforms.

Lawmakers must ease the burden on businesses of all sizes to police platforms² and the burden on consumers deceived into purchasing counterfeits online.³ Online platforms and sellers should have parity with what is required of brick-and-mortar retailers and the small mom and pop shops up the street in our communities.

Counterfeit dangers are wide-ranging, including impacts on our health, safety, economy⁴, domestic jobs, national

¹ Issa Leads Bipartisan Legislation to Protect Online Consumers from Counterfeit Goods <https://issa.house.gov/media/press-releases/issa-leads-bipartisan-legislation-protect-online-consumers-counterfeit-goods>

² Scammers’ New Way of Targeting Small Businesses: Impersonating Them - WSJ https://www.wsj.com/business/entrepreneurship/scammers-arent-just-selling-fake-gucci-theyre-impersonating-small-merchants-c882edf6?mod=business_lead_pos5

³ Michigan State University Center for Anti-Counterfeiting and Product Protection Global Anti-Counterfeiting Consumer Survey 2023 <https://a-capp.msu.edu/article/global-anti-counterfeiting-consumer-survey-2023/>

⁴ NAM: Countering Counterfeits: The Real Threat of Fake Products https://www.nam.org/wp-content/uploads/2020/07/CounteringCounterfeits.vF_.pdf

security⁵, and the environment⁶. Furthermore, counterfeiters endanger the health and safety of consumers while also exposing consumers to identity theft and credit card fraud.⁷ The entire digital devalue chain of counterfeits⁸ deceives consumers⁹ and hurts legitimate manufacturers and retailers.¹⁰ Platforms not only enable counterfeit sellers with the same tools offered to legitimate businesses without checks and balances, but platforms profit the sale of counterfeits, the promotion of these illicit items, the distribution and more, without accountability.

Global Financial Integrity¹¹ calculated counterfeiting to be \$923 billion to \$1.13 trillion in 2017 with counterfeiting being the most profitable illicit trade, ranking higher than trafficking of drugs, arms, humans, crude oil, or other illicit economies. E-commerce and mobile commerce continue to drive goods consumption with mobile commerce expected to account for 62% of all retail sales by 2027, according to Forbes.¹² Thus, consumers do not have a common awareness of the online traditional “red-flags” of counterfeit products, especially when shopping on a mobile device. The Center for Anti-Counterfeiting and Product Protection at Michigan State University found that 68% of people surveyed had been deceived into buying counterfeits in 2022.¹³

Across industries, brands are reporting dangerous counterfeits that are already listed for sale in violation of the platform’s existing terms and conditions. Dangers range from automotive parts,¹⁴ children’s toys¹⁵, clothing¹⁶, footwear, pharmaceuticals¹⁷, and crosses to so many other products consumers purchase daily. Consumers should be able to shop online without fearing harm to their health, safety, and personal security, yet that is not the case.¹⁸

On a broader level, counterfeits impact American jobs and the U.S. economy. According to the National Association of Manufacturers, “with counterfeits making up 3.3% of total merchandise trade, the U.S. economic impacts are staggering. For 2019, counterfeiting would have subtracted nearly \$131 billion from the U.S. economy, including direct, indirect and induced economic impacts. That means \$22.3 billion of lost labor income, 325,542 fewer jobs, \$5.6 billion of lost federal tax revenues and nearly \$4 billion less in state and local tax collections.”¹⁹

Additionally, counterfeiters have been linked to forced and child labor, human smuggling rings, international crime groups, and drug gangs.²⁰ The environmental impact also cannot be ignored; The Organisation for Economic Co-operation and Development (OECD) states that the manufacture of counterfeits facilitates “the use of toxic dyes,

⁵ U.S. Department of Homeland Security: Combating Trafficking in Counterfeit and Pirated Goods <https://www.dhs.gov/publication/combating-trafficking-counterfeit-and-pirated-goods>

⁶ OECD: Dangerous Fakes "Trade in Counterfeit Goods that Pose Health, Safety and Environmental Risks" <https://www.oecd.org/gov/dangerous-fakes-117e352ben.htm>

⁷ IACC: About Counterfeiting What is Counterfeiting / Intellectual Property (IP) Theft? <https://www.iacc.org/resources/about/what-is-counterfeiting>

⁸ The Digital Devalue Chain <https://www.aafaglobal.org/counterfeitdevaluechain>

⁹ Michigan State University Center for Anti-Counterfeiting and Product Protection Global Anti-Counterfeiting Consumer Survey 2023 <https://a-capp.msu.edu/article/global-anti-counterfeiting-consumer-survey-2023/>

¹⁰ USPTO: U.S. Intellectual Property and Counterfeit Goods-Landscape Review of Existing/Emerging Research <https://www.uspto.gov/sites/default/files/documents/USPTO-Counterfeit.pdf>

¹¹ Global Financial Integrity "Transnational Crime and the Developing World" https://gfintegrity.org/wp-content/uploads/2017/03/Transnational_Crime-final.pdf

¹² Forbes Advisor “35 E-Commerce Statistics of 2024” https://www.forbes.com/advisor/business/e-commerce-statistics/#sources_section

¹³ Michigan State University Center for Anti-Counterfeiting and Product Protection Global Anti-Counterfeiting Consumer Survey 2023 <https://a-capp.msu.edu/article/global-anti-counterfeiting-consumer-survey-2023/>

¹⁴ A2C2 <https://www.a2c2.com/counterfeit-testing-video>

¹⁵ Toy Association https://www.toyassociation.org/App_Themes/toyassociation_resp/downloads/research/whitepapers/FakeToys-WhitePaper.pdf ;

¹⁶ AAFA https://www.aafaglobal.org/AAFA/AAFA_News/2022_Press_Releases/Fashion_Industry_Study_Reveals_Dangerous_Chemicals_Heavy_Metals_Counterfeits.aspx ; Reuters, “More than 250 websites selling fake weight-loss drugs reported by anti-counterfeit firm”

<https://www.reuters.com/business/healthcare-pharmaceuticals/more-than-250-websites-selling-fake-weight-loss-drugs-reported-by-anti-2024-04-15/>

¹⁷ Threat Alert: Medicine designed to mimic regulated pharmaceuticals for sale online at Etsy.com <https://www.safemedicines.org/2024/03/etsy-alert.html>

¹⁸ DHS: Combating Trafficking in Counterfeit and Pirated Goods https://www.dhs.gov/sites/default/files/publications/20_0124_plcv_counterfeit-pirated-goods-report_01.pdf

¹⁹ NAM Countering Counterfeits: The Real Threat of Fake Products

https://www.nam.org/wp-content/uploads/2020/07/CounteringCounterfeits.vF_.pdf

²⁰ The Conversation “Don’t buy that Gucci knockoff: Your bargain benefits organized crime while endangering countless others”

<https://theconversation.com/dont-buy-that-gucci-knockoff-your-bargain-benefits-organized-crime-while-endangering-countless-others-115986>

unlawful disposal of chemicals, and unregulated air pollution.”²¹ The World Intellectual Property Organization (WIPO) notes that after counterfeit products are seized, they are generally incinerated, potentially causing “devastating and long-term effects on both the environment and human health.”²² Counterfeit sellers are manufacturing cheaper versions of these products, choosing substandard inputs regardless of their danger to maximize profit. These products are not subject to the rigorous testing that compliant products are, exposing consumers to dangerous chemicals and faulty products.

Overwhelmingly, the very brands who are victimized by the trafficking of counterfeit goods bear the costs of combatting counterfeiters. The burden is placed on brands to constantly monitor platforms and report new counterfeit sellers reactively with piecemeal and inconsistent regular action by platforms, especially around the holidays when counterfeiters and nefarious actors are primed to make the most profit. This disproportionately affects small businesses that do not have the time or the resources to address the problem at the scale it is today; consistent proactive work is a must to protect consumers. Platforms already have the information and policies necessary to take down counterfeit sellers with all of the information brands provide as well as the information currently available within the individual brand protection platform portals; however, they do not have any incentive to do so and profit from end-to-end in this digital devalue chain of selling counterfeits.

SHOP SAFE will ensure platforms consistently partner with brands to help keep counterfeits from being posted online for a consumer to purchase. By holding platforms liable for counterfeit products sold on their sites, consumers can feel more confident when shopping online.

Thank you for your work to protect the American people, all businesses, our environment, and national security.

Thank you,

Alliance for Automotive Innovation (AAI)
American Apparel & Footwear Association (AAFA)
Association of Home Appliance Manufacturers (AHAM)
Automotive Anti-Counterfeiting Council (A2C2)
Communications Cable and Connectivity Association (CCCA)
Consumer Healthcare Products Association (CHPA)
Footwear Distributors & Retailers of America (FDRA)
Halloween & Costume Association (HCA)
MEMA, The Vehicle Suppliers Association
Personal Care Products Council
Sentinel Connector Systems
Sports & Fitness Industry Association
The International AntiCounterfeiting Coalition (IACC)
The Partnership for Safe Medicines
The Toy Association
The Vinyl Institute
TIC Council
The Transnational Alliance to Combat Illicit Trade (TRACIT)

²¹ OECD Dangerous Fakes

<https://www.oecd-ilibrary.org/sites/117e352b-en/1/3/2/index.html?itemId=/content/publication/117e352b-en&csp=d3e7007cf2bed3345563c54c1758a12a&itemIGO=oecd&itemContentType=book#section-d1e3194>

²² WIPO The Environmentally Safe Disposal and Destruction of Intellectual Property Infringing Goods—Full Study
https://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_12/wipo_ace_12_3_rev.pdf